

VZCZCXRO8327  
RR RUEHROV  
DE RUEHAE #0317 1650640  
ZNR UUUUU ZZH  
R 130640Z JUN 08  
FM AMEMBASSY ASMARA  
TO RUEHC/SECSTATE WASHDC 9738  
INFO RUCNIAD/IGAD COLLECTIVE  
RUEHBJ/AMEMBASSY BEIJING 0039  
RUEHOT/AMEMBASSY OTTAWA 0195  
RUEHVC/AMCONSUL VANCOUVER 0012  
RUEAIIA/CIA WASHDC  
RHEHNSC/NSC WASHDC

UNCLAS ASMARA 000317

SIPDIS  
SENSITIVE

LONDON AND PARIS FOR AFRICA WATCHERS  
DEPT FOR AF/E

E.O. 12958: N/A  
TAGS: [ECON](#) [EMIN](#) [ER](#)  
SUBJECT: SUNRIDGE STRIKES GOLD NEAR ASMARA

Ref: 07 Asmara 907

1. (SBU) Vancouver-based Sunridge Gold Corporation of Eritrea chief engineer David Doud (protect) told Conoff of a large discovery of gold, silver, copper, and zinc at Adi Nefas, 4 miles northwest of Asmara. Doud conservatively estimated gross revenues from the find at around \$1 billion, less capital expenses and extraction costs. Three more deposits have been found near Asmara, as well as 6 to 10 promising sites waiting to be explored. A gold-only strike of approximately 189,000 ounces also lies between Adi Nefas and Asmara.

2. (SBU) Doud described another find at Emba Derho 7 miles northwest of Asmara as "bigger than Bisha (reftel)," a site he originally helped NevSun discover. The deposit is thought to contain 400,000 ounces of gold, 1.7 billion pounds of Zinc, and 735 million pounds of copper. The Debarwa site 30 miles south of Asmara contains mostly copper, but is also thought to include gold. All minerals extracted (other than gold) will be sent by rail, rather than truck, from Asmara to the port of Massawa for shipment. Doud said Sunridge will likely be asked by the Government of the State of Eritrea (GSE) to assist in financing repair the railroad, which is in drastic need of improvement.

3. (SBU) Doud said Sunridge will begin Eritrean extraction operations at the Debarwa site, due to the relative ease of mining and processing; extraction will begin in about two years. Sunridge will use the cash flow from copper mining to help finance extraction operations at the other three sites, as well as continued exploration. Under Eritrean mining law the GSE will receive 10% equity in the extraction operation, but Doud doubted the GSE would exercise the option to buy an additional 30%, as they did at Bisha (reftel). Doud said Bisha was the first major mineral find in Eritrea, leading the GSE to want the domestic prestige of ownership.

4. (SBU) Doud also said Chinese-based Beijing Donia Resources was exploring in areas NevSun and Sunridge had either explored or considered, stating their exploration would not make a major find. He said they were looking for iron ore north of Adi Nefas and gold at Adi-Ketina, 70 miles south of Asmara near the Ethiopian border.  
MCMULLEN